

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE AND FEE CHANGES, 1997

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. R97-~~11~~

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
THE OFFICE OF THE CONSUMER ADVOCATE WITNESS CALLOW
(USPS/OCA-T500-1-11)

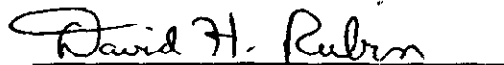
Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule 2 of the Special Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to the Office of the Consumer Advocate witness Callow: USPS/OCA-T500-1-11.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Rate-making


David H. Rubin

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2986; Fax -5402
January 9, 1998

USPS/OCA-T500-1. Did you consider any alternatives to creating groups of offices other than by using CAG designations? If so, please describe each alternative, why it was rejected.

USPS/OCA-T500-2. If you could determine costs for each office, would grouping offices directly into cost-homogeneous groups be preferable to using CAGs to group the offices? Please explain your answer.

USPS/OCA-T500-3. Please refer to page 8, lines 10 to 11, where you state that "certain labor costs are not incurred in smaller post offices". Are you stating that certain work (regardless of who performs it) is done only in larger offices and not in smaller offices? If so, please explain. If not, is your position that smaller offices perform such work more efficiently? Please explain.

USPS/OCA-T500-4. Please refer to your Table 2.

- (a) Please confirm that for non-city offices the highest average rental cost is for CAG E, and the second highest cost is for CAG F. If you do not confirm, please explain why not.
- (b) Please confirm that for non-city offices CAGS C, D, E, F, G, and H have higher average rental costs than CAG B. If you do not confirm, please explain why not.

USPS/OCA-T500-5. Please refer to library reference OCA-LR-2, page 16.

- (a) Please confirm that for city offices, the maximum rental cost for each of CAGS A through G is between \$33 and \$36. If you do not confirm, please explain why not.
- (b) Please confirm that for non-city offices, the maximum rental cost for each of CAGS E through L is between \$17 and \$18, while the maximum rental cost for each of CAGS B through D is between \$9 and \$14. If you do not confirm, please explain why not.

USPS/OCA-T500-6. Please refer to your testimony at page 14, lines 5 through 14.

- (a) When an office's revenue changes so that it moves between CAGS D and E, or between CAGS G and H, would that office be reclassified into a different fee group under your proposal?
- (b) If so, would that reclassification be at the same time as the CAG move, or later. If later, how much later?

USPS/OCA-T500-7. Please refer to your testimony at page 17, lines 6 to 8. If in the future some offices in the city-B delivery group were reclassified into CAG E, or some CAG E offices were added to the city-B delivery group, would you adjust Fee Groups C-I and D-I so that they also include CAG E, as well as CAGs A through D? Please explain your answer.

USPS/OCA-T500-8. Please refer to your testimony at page 17, line 8, to page 18, line 2. Assume that during 1998 the average rental costs for CAG H increased to at least \$5.80 for city-other offices, and \$6.43 for non-city offices. Also assume that the average rental costs for the other CAGS remained the same, so that the ~~new~~ CAG H averages were within \$2 of the average CAG E rental cost. Under these conditions, would you adjust your fee group definitions so that CAGS E through H were grouped together? Please explain your answer.

USPS/OCA-T500-9. Please refer to section V, part A of your testimony. If your proposal and fees are implemented, do you believe that Groups C-I and D-I, C-II and D-II, and C-III and D-III could be merged in the next case involving post office box fees, without imposing "rate shock." If so, please explain how, with reference to how large fee increases would need to be to merge the groups. If not, please estimate how many cases would be needed to complete the merger of the C and D groups.

USPS/OCA-T500-10. Please refer to page 66 of your testimony, lines 11 through 15.

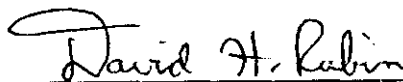
- (a) Please confirm that Table 16 of your testimony presents total costs per box for Groups A and B that are lower than those presented by the Postal Service in witness Lion's Table 13, as revised October 1, 1997. If you do not confirm, please explain why not.
- (b) What is the basis for your proposing higher fees for Groups A and B than the Postal Service has proposed?

USPS/OCA-T500-11. Please refer to page 67 of your testimony, lines 1 to 4.

- (a) Please confirm that under your proposal Group C-1 faces larger dollar increases in box fees than Group D-1. If you do not confirm, please explain why not.
- (b) How would this greater fee increase for Group C-1 than for Group D-1 ease the transition when merging fee groups C-1 and D-1 in the future, as you assert on page 67, lines 14 to 18.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all
participants of record in this proceeding in accordance with section 12 of the Rules of
Practice.



David H. Rubin

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